

## **REMARKS**

### **Double Patenting Rejection**

Enclosed at Exhibit A are two (2) terminal disclaimers for the provisional double patenting rejections.

### **Section 103 Rejections**

In the Office Action, claims 1-3, 10-15, 30 and 41-43 were rejected under 35 U.S.C. § 103(a) as being obvious in view of the proposed combination of published U.S. patent application Pub. No. 2006/0218069 to Aberman et al. and U.S. Patent 7,249,083 to Noraev et al. Applicants traverse the rejections as follows.

Claim 1 is directed to a financial unit that comprises a fixed income security and a separable forward purchase contract. The forward purchase contract “obligates a holder of the forward purchase contract to purchase a quantity of equity securities from an issuer of the unit at a settlement price no later than a settlement date specified in the forward purchase contract.” Claim 1 further discloses that “the quantity of equity securities to be purchased by the holder is determined by dividing the stated amount<sup>1</sup> of the unit by the market price of the equity securities at the date the unit is issued.”

Aberman involves a real estate investment trust (“REIT”) which “issues shares of preferred stock, each of which is associated with either a forward purchase contract...or a warrant.” See Aberman at Abstract. As admitted in the Office Action, “Aberman et al. do not teach the quantity of equity securities to be purchased by the holder is determined by dividing the

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<sup>1</sup> Claim 2 states that “wherein the principal amount of the fixed income security equals the stated amount of the unit.”

stated amount of the unit by the market price of the equity securities at the date the unit is issued.” See Office Action at ¶ 3, p. 3.

The Office cites Noraev to stand for the feature not disclosed by Aberman. Reliance by the Office on Noraev, however, is inappropriate for at least three reasons:

- **First**, Noraev’s non-provisional application, filed after the filing date of the present application, does not constitute prior art under § 102(e) because Noraev’s provisional application does not disclose the subject of Noraev’s non-provisional application that the Office is relying upon to reject the claims; and
- **Second**, even if Noraev’s nonprovisional application was considered to be prior art, the Office misconstrued the scope and content of the cited prior art and, therefore, incorrectly determined the differences between the prior art and the claimed invention.

**Point 1: Noraev Does Not Constitute Prior Art**

The cited published application to Noraev is a published nonprovisional application that claims priority to a provisional application. The filing date of Noraev’s nonprovisional application (Feb. 27, 2004) is after the filing date of the present application (October 3, 2003), but the filing date of Noraev’s provisional application was prior to the filing date of the present application. Under MPEP § 2136.03, Noraev’s nonprovisional application only constitutes prior art under 35 U.S.C. § 102(e)(1) if Noraev’s provisional application contains the subject matter of Noraev’s nonprovisional application relied upon by the Office in rejecting the claims. This condition is not met here. The Office cited the passage at col. 2, lines 31-35 of Noraev’s nonprovisional application in rejecting the claims. A copy of Noraev’s provisional application is

provided at Exhibit B. A review of Noraev's provisional application shows that it does not contain subject matter corresponding to the subject matter at col. 2, lines 31-35 of Noraev's nonprovisional application. Therefore, Noraev's published nonprovisional application does not constitute prior art under 35 U.S.C. § 102(e).

*Point 2: The Office Incorrectly Determined the Differences Between the Prior Art and the Claimed Invention Because it Misconstrued the Scope and Content of the Cited Prior Art*

In *Graham v. John Deere Co.*, the Supreme Court established three steps for determining obviousness:

- (1) Determining the scope and content of the prior art;
- (2) Ascertaining the differences between the claimed invention and the prior art; and
- (3) Resolving the level of ordinary skill in the art.

See MPEP § 2141(II) ("As reiterated by the Supreme Court in *KSR*, the framework for the objective analysis for determining obviousness under 35 U.S.C. 103 is stated in *Graham v. John Deere Co.*"). Applicant submits that obviousness cannot be established without proper findings of fact regarding the *Graham* factors. See *id.* ("Office personnel fulfill the critical role of fact-finder when resolving *Graham* inquiries. . . [w]hen making an obviousness rejection, Office personnel must therefore ensure that the written record includes findings of fact concerning the state of the art and the teachings of the references applied."). Accordingly, any reason or rationale for combining or modifying references which is based on an improper understanding of the prior art is also invalid. See MPEP § 2143 ("The key to supporting any rejection under 35 U.S.C. 103 is the clear articulation of the reason(s) why the claimed invention would have been obvious.").

Here, the Office, citing col. 2:31-35, states that Noraev discloses, “the quantity of equity securities to be purchased by the holder is determined by dividing the stated amount of the unit by the market price of the equity securities at the date the unit is issued.” *See* Office Action at ¶ 3, p. 4. This is an erroneous reading of this passage of Noraev. In the example provided by Noraev in the cited passage, the stated amount of the convertible bond is \$1000 and the stock price on the day the bond is issued is \$100. If the conversion ratio was determined by dividing the stated amount of the unit (\$1000) by the market price of the equity securities at the date the unit is issued (\$100), the holder of the convertible bond will be able to convert it to ten (10) shares of stock. However, Noraev says that the bond can only be converted into eight (8) shares. *See* Noraev at col. 2:32. Thus, the Office is wrong when it states that Noraev discloses, “the quantity of equity securities to be purchased by the holder is determined by dividing the stated amount of the unit by the market price of the equity securities at the date the unit is issued.” *See* Office Action at ¶ 3, p. 4. Because the Office misconstrued the prior art and, hence, the differences between the prior art and the claimed invention, the Office improperly preformed its *Graham* obviousness analysis.

Therefore, for at least the reasons detailed above, the proposed combination of Aberman and Noraev fails to render claim 1 as obvious. Each of independent claims 13 and 41-43 are not obvious in view of the proposed combination of Aberman and Noreav for at least reasons analogous to those described above with regard to claim 1. Furthermore, dependent claims 2-12 and 14-30 are also not obvious by virtue of their dependence from claims 1 and 13. *See* MPEP § 2143.03 (“If an independent claim is nonobvious under 35 U.S.C. 103, then any claim

depending therefrom is nonobvious.” *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988)).

Claims 4-9 and 16-29 stand rejected under 35 U.S.C. §103(a) as obvious in view of a proposed combination of Aberman and a published U.S. patent application U.S. Pub. No. 2002/0103852 to Pushka. Claims 4-9 and 16-29 are not obvious in view of Aberman and Pushka. As detailed above, Aberman does not teach or suggest all of the features of independent claims 1 and 13, and Pushka does not remedy the defects of Aberman. Therefore, claims 4-9 and 16-29 are not obvious in view of the cited references. *See* MPEP § 2143.03 (“If an independent claim is nonobvious under 35 U.S.C. 103, then any claim depending therefrom is nonobvious.” *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988)).

### **CONCLUSION**

Applicants respectfully submit that all of the claims presented in the present application are in condition for allowance. Applicants’ present Response should not in any way be taken as acquiescence to any of the specific assertions, statements, etc., presented in the Office Action not explicitly addressed herein. Applicants reserve the right to specifically address all such assertions and statements in subsequent responses. Applicants also reserve the right to seek claims of a broader or different scope in a continuation application.

Applicants have made a diligent effort to properly respond to the Office Action and believe that the claims are in condition for allowance. If the Examiner has any remaining

concerns, the Examiner is invited to contact the undersigned at the telephone number set forth below so that such concerns may be expeditiously addressed.

Date: April 10, 2008

Respectfully submitted,



Mark G. Knedeisen  
Reg. No. 42,747

KIRKPATRICK & LOCKHART PRESTON GATES ELLIS, LLP  
Henry W. Oliver Building  
535 Smithfield Street  
Pittsburgh, Pennsylvania 15222

Ph. (412) 355-6342  
Fax (412) 355-6501